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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From:

Securities and Exchange Commission
Office of Investor Education and Advocacy
Washington, DC 20549-0213

Extension: Rule 17a-5

SEC File No. 270-155, OMB Control No. 3235-0123

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in Rule 17a-5 (17 CFR 240.17a-5), under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

Rule 17a-5 is the basic financial reporting rule for brokers and dealers.¹ The Rule requires the filing of Form X-17A-5, the Financial and Operational Combined Uniform Single Report (“FOCUS Report”), which was the result of years of study and comments by representatives of the securities industry through advisory committees and through the normal rule proposal methods. The FOCUS Report was designed to eliminate the overlapping regulatory reports required by various self-regulatory organizations and the Commission and to reduce reporting burdens as much as possible. The Rule also requires the filing of an annual audited report of financial statements.

The FOCUS Report consists of: (1) Part I, which is a monthly report that must be filed by brokers or dealers that clear transactions or carry customer securities; (2) one of three alternative quarterly reports: Part II, which must be filed by brokers or dealers that

¹ Rule 17a-5(c) requires a broker or dealer to furnish certain of its financial information to customers and is subject to a separate PRA filing (OMB Control Number 3235-0199).

clear transactions or carry customer securities; Part IIA, which must be filed by brokers or dealers that do not clear transactions or carry customer securities; and Part IIB, which must be filed by specialized broker-dealers registered with the Commission as OTC derivatives dealers;² (3) supplemental schedules, which must be filed annually; and (4) a facing page, which must be filed with the annual audited report of financial statements. Under the Rule, a broker or dealer that computes certain of its capital charges in accordance with Appendix E to Exchange Act Rule 15c3-1 must file additional monthly, quarterly, and annual reports with the Commission.

The variation in the size and complexity of brokers and dealers subject to Rule 17a-5 and the differences in the FOCUS Report forms that must be filed under the Rule make it difficult to calculate the cost of compliance. However, we estimate that, on average, each report will require approximately 12 hours. At year-end 2011, the Commission estimates that there were approximately 4,802 brokers or dealers, and that of those firms there were approximately 513 brokers or dealers that clear transactions or carry customer securities. The Commission therefore estimates that approximately 513 firms filed monthly reports, approximately 4,134 firms filed quarterly reports, and approximately 63 firms filed annual reports on Form X-17a-5. In addition, approximately 4,650 firms filed annual audited reports. As a result, there were approximately 27,405 total annual responses $((513 \times 12) + (4,134 \times 4) + 63 + 4,650 = 27,405)$. This results in an estimated annual burden of 328,860 hours $(27,405 \text{ annual responses} \times 12 \text{ hours} = 328,860)$.

In addition, we estimate that approximately 9 brokers or dealers will elect to use Appendix E to Rule 15c3-1 to compute certain of their capital charges (as of September 2012, six brokers or dealers have elected to use Appendix E). We estimate that the

² Part IIB of Form X-17A-5 must be filed by OTC derivatives dealers under Exchange Act Rule 17a-12 and is subject to a separate PRA filing (OMB Control Number 3235-0498).

average amount of time necessary to prepare and file the additional monthly reports that must be filed by these firms is about 4 hours per month, or approximately 48 hours per year; the average amount of time necessary to prepare and file the additional quarterly reports is about 8 hours per quarter, or approximately 32 hours per year; and the average amount of time necessary to prepare and file the additional supplemental reports with the annual audit required is approximately 40 hours per year. Consequently, we estimate that the total additional annual burden for these 9 brokers or dealers is approximately 1,080 hours $((48 + 32 + 40) \times 9 = 1,080)$.

The Commission therefore estimates that the total annual burden under Rule 17a-5 is approximately 330,000 hours $(328,860 + 1,080 = 329,940, \text{ rounded to } 330,000)$.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Shagufta_Ahmed@omb.eop.gov; and (ii) Thomas Bayer, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 6432 General Green Way, Alexandria, Virginia 22312 or send an email to PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Elizabeth M. Murphy
Secretary

April 22, 2013

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